

Middle East conflict spurs risk-off scenario

Over the weekend, the Palestinian/Israeli crisis has seen the dollar firm this morning as we see flight to safety in markets.

 By Andre Cilliers 9 Oct 2023



Source: [Pexels](#)

The DXY index is up at 106.35 this morning after ending last week at 106.04. The dollar is trading at 1.05€ against the euro, 1.2204 against the pound, and 149.20 against the yen after having closed softer on Friday despite the strong US nonfarm payrolls number.

The latest round of US data has bolstered the rate hike outlook, and US bonds are trading around 5bps higher across the curve. The rand, which had staged a strong pullback on Friday, was trading softer at 19.30 this morning in line with softer EM and risk-sensitive currencies but has recovered back to 19.30 in early local trade.

Trade in the rand will likely remain cautious as markets wait to see how the Middle East situation develops. Today is a US holiday, and trading could be subdued.

“ *BREAKING: Israel Defence Minister orders complete siege on Gaza.*

Live updates: <https://t.co/L7KlvT4Xbx>

  Sky 501, Virgin 602, Freeview233 and YouTube pic.twitter.com/kTMrQlrL9r— Sky News (@SkyNews) [October 9, 2023](#) ”

Safe-haven status sees gold bounce

Gold is trading higher over 1.0% at \$1,852 as investors look for safe-haven assets in light of the Israeli/Palestinian military conflict. Platinum and palladium also show some gains, while copper is back above the \$8,000 level.

Oil prices have also jumped this morning on possible supply concerns. Brent crude is currently trading at \$87.70 and WTI at \$83.95.

ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.
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